

EMPLOYER BULLETIN

Federal Funds Contribution Rate Increase and Change in Post-retirement Employment Limitations

February 2006

Federal funds contributions rate will increase to 9.78 percent

Effective July 1, 2006, the employer TRS contributions on salaries paid from federal funds is expected to increase from 7.06 percent to 9.78 percent for earnings in the 2006-07 school year. The new contribution rate of 9.78 percent for the 2006-07 school year is equal to the anticipated state funding rate for 2006-07. This amount is subject to change depending on the appropriation amount to TRS from the state of Illinois in fiscal year 2007. If the contribution rate changes for the 2006-07 school year, the Teachers' Retirement System will immediately notify employers.

The 9.78 percent is only effective for earnings paid from federal funds in the 2006-07 school year. The contribution rate on special trust or federally-funded salaries will be calculated on an annual basis and may increase or decrease over the next several years in accordance with the rate required to fund TRS. TRS will notify employers of the new contribution rate every year.

Please be sure to include the higher rate of 9.78 percent in employer 2006-07 federal fund grant requests.

An additional bulletin is enclosed. Please forward it to the individual(s) responsible for grant applications. Additional copies of the bulletin are available at trs.illinois.gov.

Please contact our Accounting Department or Employer Services Department with any questions at (888) 877-0890.

Post-retirement employment limitations will change in July

The current post-retirement employment limitations are effective for a five-year window from July 1, 2001 through June 30, 2006. Effective July 1, 2006, the post-retirement employment limitations of 120 paid days or 600 paid hours will revert back to 100 paid days or 500 paid hours.

For detailed information regarding the post-retirement employment limitations, please refer to Chapter 10 of the *Employer Guide*.

Teachers' Retirement System
of the State of Illinois

2815 West Washington
P.O. Box 19253
Springfield, Illinois 62794-9253

(888) 877-0890
employers@trs.illinois.gov